



*Home of the Tualatin River National Wildlife Refuge*

2021 URBAN RENEWAL AGENCY  
OF THE CITY OF SHERWOOD, OREGON  
(A COMPONENT UNIT OF THE CITY OF SHERWOOD, OREGON)

ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**2021 URBAN RENEWAL AGENCY  
OF THE CITY OF SHERWOOD, OREGON**  
*(A component unit of the City of Sherwood, Oregon)*

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2022**

**2021 URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON**  
(A Component Unit of the City of Sherwood, Oregon)

**AGENCY OFFICIALS**  
**JUNE 30, 2022**

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**BOARD MEMBERS**

| <b>Name</b>      | <b>Term Expires</b> |
|------------------|---------------------|
| Chair Keith Mays | January 2023        |
| Tim Rosener      | January 2023        |
| Renee Brouse     | January 2025        |
| Sean Garland     | January 2025        |
| Taylor Giles     | January 2023        |
| Doug Scott       | January 2023        |
| Kim Young        | January 2025        |

**PRINCIPAL ADMINISTRATIVE OFFICIALS**

| <b>Name</b>                     | <b>Title</b>     |
|---------------------------------|------------------|
| Keith Campbell                  | City Manager     |
| David Bodway III, Executive MPA | Finance Director |

**All may be reached at:**

22560 SW Pine St  
Sherwood, OR 97140

**2021 URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON**

(A Component Unit of the City of Sherwood, Oregon)

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## **INDEPENDENT AUDITOR'S REPORT**

Board Members  
2021 Urban Renewal Agency of the City of Sherwood, Oregon  
(A component unit of the City of Sherwood)  
Sherwood, Oregon

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of the 2021 Urban Renewal Agency of the City of Sherwood, Oregon (the Agency), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund, as listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Schedule of Property Tax Transactions and the budgetary comparison information for the Capital Projects Fund, as listed in the Table of Contents as Other Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Oregon Minimum Standards**

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated March 16, 2023, on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in blue ink, reading "Timothy R. G. Miller".

For Talbot, Korvola & Warwick, LLP  
Portland, Oregon  
March 16, 2023

## **2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**

(A Component Unit of the City of Sherwood, Oregon)

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2022**

This discussion and analysis of the Sherwood 2021 Urban Renewal Agency (Agency) *Annual Financial Report* for the fiscal year ended June 30, 2022 presents the highlights of financial activities and financial position for the Agency for the year ended June 30, 2022 (FY22). It has been prepared by management and should be read in conjunction with the financial statements and notes.

#### **1. FINANCIAL HIGHLIGHTS**

The Agency's net position decreased by \$0.8 million during the fiscal year ended June 30, 2022. This increased the Agency's deficit in net position as this is the Agency's first full year of operations. There was no financial activity reported FY21.

Net position on June 30, 2022 consisted of \$26.9 million in assets and \$27.7 million in liabilities. The deficit in net position reflects the nature of the Agency: the Agency borrows money for projects and the completed projects are transferred to City ownership.

Of the \$0.8 million deficit in net position, \$0.0 million is restricted, (\$0.8) million is unrestricted, and \$0.0 million is invested in capital assets.

#### **2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction and summary of the Agency's financial statements. It is followed by the financial statements themselves, which are comprised of three elements:

1. Government-Wide Financial Statements
  - a. Statement of Net Position
  - b. Statement of Activities
2. Fund Financial Statements – Governmental Funds
  - a. Balance Sheet
  - b. Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
  - c. Statement of Revenues, Expenditures and Change in Fund Balances
  - d. Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
3. Notes to Basic Financial Statements

*The Government Wide Financial Statements* are designed to provide the reader with a broad overview of the Agency's finances, in a manner similar to a private-sector business. These statements include all assets of the Agency (including land and construction in progress) as well as all liabilities.

*The Statement of Net Position* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as "Net Position." Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

*The Statement of Activities* presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash inflows or outflows in a future fiscal period.



## 2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON

(A Component Unit of the City of Sherwood, Oregon)

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

#### 2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

*Fund financial statements* – a fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net position determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Agency's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Change in Fund Balances are accompanied by reconciliations to facilitate this comparison between governmental funds and governmental activities.

*Notes to basic financial statements* provide additional information that is essential for a full understanding of the data provided in the basic financial statements. They are an integral part of the basic financial statements and should be read in conjunction with them.

#### 3. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position (summarized below) shows the Agency's net position as of the end of the last two fiscal years. The deficit in net position increased by \$0.8 million during the fiscal year ended June 30, 2022.

##### STATEMENT OF NET POSITION At Fiscal Year End (June 30, 2022 and 2021) In Thousands of Dollars

|                                  | 2022            | 2021        |
|----------------------------------|-----------------|-------------|
| <b>ASSETS:</b>                   |                 |             |
| Cash and investments             | \$ 24,375       | \$ -        |
| Due from City of Sherwood        | 1,645           | -           |
| Capital assets                   | 949             | -           |
| <b>TOTAL ASSETS</b>              | <b>26,969</b>   | <b>-</b>    |
| <b>LIABILITIES:</b>              |                 |             |
| Current liabilities              | 399             | -           |
| Long-term obligations            | 27,342          | -           |
| <b>TOTAL LIABILITIES</b>         | <b>27,741</b>   | <b>-</b>    |
| <b>NET POSITION:</b>             |                 |             |
| Net investment in capital assets | 9               | -           |
| Restricted                       | 64              | -           |
| Unrestricted                     | (845)           | -           |
| <b>TOTAL NET POSITION</b>        | <b>\$ (772)</b> | <b>\$ -</b> |

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**

(A Component Unit of the City of Sherwood, Oregon)

**MANAGEMENT'S DISCUSSION AND ANALYSIS****JUNE 30, 2022****3. GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)**

The Statement of Activities presents the changes in net position by detailing revenues and expenses.

**STATEMENT OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2022 and JUNE 30, 2021**

*In Thousands of Dollars*

|   | <u>2022</u>     | <u>2021</u> |
|---|-----------------|-------------|
| <b>REVENUES</b>                         |                 |             |
| Interest earnings                       | \$ 64           | \$ -        |
| Contribution of capital assets          | 70              | -           |
| <b>TOTAL REVENUES</b>                   | <u>134</u>      | <u>-</u>    |
| <b>EXPENSES:</b>                        |                 |             |
| Urban Redevelopment                     | 217             | -           |
| Interest on long term debt              | 689             | -           |
| <b>TOTAL EXPENSES</b>                   | <u>906</u>      | <u>-</u>    |
| <b>CHANGE IN NET POSITION</b>           | (772)           | -           |
| <b>BEGINNING NET POSITION (DEFICIT)</b> | <u>-</u>        | <u>-</u>    |
| <b>ENDING NET POSITION (DEFICIT)</b>    | <u>\$ (772)</u> | <u>\$ -</u> |

Expenses exceeded revenues by \$0.8 million in the fiscal year ended June 30, 2022 resulting in an increase in the reported deficit in net position.

Expenses increased over last year as the Agency has just begun operations, started capital projects within the Urban Renewal boundaries and issued debt. Most of the expenses currently relate to interest on long term debt.

**4. CAPITAL ASSETS**

At June 30, 2022 the Agency had \$949,004 invested in capital assets. There were no capital assets as of June 30, 2021 as this is the Agency's first full year of operations.

|                          | <u>2022</u>       | <u>2021</u> |
|--------------------------|-------------------|-------------|
| Construction in Progress | <u>\$ 949,004</u> | <u>\$ -</u> |

For additional information on the Agency's capital assets, refer to the Capital Assets Note in the Notes to Basic Financial Statements section.

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**  
(A Component Unit of the City of Sherwood, Oregon)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**

**5. OBLIGATIONS OUTSTANDING**

During FY22 the Agency's debt obligations had a net increase of \$27.5 million resulting from issuing debt.

|   | 2022                 | 2021        |
|---|----------------------|-------------|
| Long-Term Full Faith and Credit Obligations | <u>\$ 27,475,091</u> | <u>\$ -</u> |

All Agency debt is in the form of long term obligations backed by the Full Faith and Credit of the City of Sherwood. Intergovernmental agreements between the City and the Agency obligate the Agency to pay debt service. The Agency does not have a bond rating. It relies on the City's Aa3 bond rating (Moody's Investors Service). For additional information on the Agency's long term obligations, refer to the Long Term Obligations Note in the Notes to Basic Financial Statements section.

**6. HIGHLIGHTS OF FISCAL YEAR 2022 BUDGET**

The Agency was not required to prepare a budget for the first year of operations.

**7. ECONOMIC FACTORS AND FISCAL YEAR 2023 BUDGET**

The Agency is funded with tax increment financing. Property tax revenues will continue to increase and will be levied at an amount sufficient to cover all annual operational and debt service expenditures.

**8. FINANCIAL CONTACT**

The Agency's financial statements are designed to present Agency taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, please contact David Bodway III, Executive MPA, Finance Director at 22560 SW Pine Street, Sherwood Oregon, 97140 or BodwayD@SherwoodOregon.gov.

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**  
(A Component Unit of the City of Sherwood, Oregon)

**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

|                                     | <u>Governmental<br/>Activities</u> |
|-------------------------------------|------------------------------------|
| <b>ASSETS:</b>                      |                                    |
| Cash and investments                | \$ 24,375,416                      |
| Due from City of Sherwood           | 1,644,607                          |
| Capital assets:                     |                                    |
| Construction in progress            | <u>949,004</u>                     |
| <b>TOTAL ASSETS</b>                 | <u>26,969,027</u>                  |
| <b>LIABILITIES:</b>                 |                                    |
| Accounts payable                    | 194,367                            |
| Accrued interest payable            | 69,052                             |
| Contracted payroll payable          | 2,832                              |
| Long-term obligations:              |                                    |
| Due within one year                 | 133,096                            |
| Due in more than one year           | <u>27,341,995</u>                  |
| <b>TOTAL LIABILITIES</b>            | <u>27,741,341</u>                  |
| <b>NET POSITION:</b>                |                                    |
| Net investment in capital assets    | 8,706                              |
| Restricted                          | 63,639                             |
| Unrestricted                        | <u>(844,660)</u>                   |
| <b>TOTAL NET POSITION (DEFICIT)</b> | <u><u>\$ (772,315)</u></u>         |

See notes to basic financial statements

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**  
(A Component Unit of the City of Sherwood, Oregon)

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

| Function/Program                             | Expenses          | Program Revenues<br>Capital Grants<br>and Contributions | Net (Expense)<br>Revenue and<br>Change in Net Position<br>Total Governmental<br>Activities |
|--|-------------------|---|--|
| <b>Governmental activities:</b>              |                   |   |  |
| Urban redevelopment                          | \$ 217,102        | \$ 69,973   | \$ (147,129)   |
| Interest on long-term borrowings             | <u>688,825</u>    | <u>-</u>  | <u>(688,825)</u>   |
| Total  | <u>\$ 905,927</u> | <u>\$ 69,973</u>  | <u>(835,954)</u>   |
| <b>General revenues:</b>                     |                   |   |  |
| Unrestricted interest earnings               |                   |   | <u>63,639</u>  |
| Total general revenues                       |                   |   | <u>63,639</u>  |
| Change in net position                       |                   |   | (772,315)  |
| <b>Net position (deficit), June 30, 2021</b> |                   |   | -  |
| <b>Net position (deficit), June 30, 2022</b> |                   |   | <u>\$ (772,315)</u>  |

See notes to basic financial statements

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**  
(A Component Unit of the City of Sherwood, Oregon)

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2022**

|  | <u>General Fund</u>      | <u>Capital Projects<br/>Fund</u> | <u>Totals</u>               |
|--|--------------------------|----------------------------------|-----------------------------|
| <b>ASSETS:</b>   |                          |                                  |                             |
| Cash and investments   | \$ 860,021               | \$ 23,515,395                    | \$ 24,375,416               |
| Due from City of Sherwood  | <u>-</u>                 | <u>1,644,607</u>                 | <u>1,644,607</u>            |
| <b>TOTAL ASSETS</b>  | <u><u>\$ 860,021</u></u> | <u><u>\$ 25,160,002</u></u>      | <u><u>\$ 26,020,024</u></u> |
| <b>LIABILITIES:</b>  |                          |                                  |                             |
| Accounts payable   | \$ 4                     | \$ 194,363                       | \$ 194,367                  |
| Contracted payroll payable   | <u>-</u>                 | <u>2,832</u>                     | <u>2,832</u>                |
| <b>TOTAL LIABILITIES</b>   | <u>4</u>                 | <u>197,195</u>                   | <u>197,199</u>              |
| <b>FUND BALANCE:</b>   |                          |                                  |                             |
| Restricted for Urban Renewal projects  | <u>860,017</u>           | <u>24,962,807</u>                | <u>25,822,824</u>           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCE</b> | <u><u>\$ 860,021</u></u> | <u><u>\$ 25,160,002</u></u>      | <u><u>\$ 26,020,024</u></u> |

See notes to basic financial statements

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**  
(A Component Unit of the City of Sherwood, Oregon)

**RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

|                           |                      |
|---------------------------|----------------------|
| <b>TOTAL FUND BALANCE</b> | <b>\$ 25,822,824</b> |
|---------------------------|----------------------|

Total net position shown in the Statement of Net Position is different because:

|   |         |
|---|---------|
| Capital assets are not financial resources for budgetary purposes and therefore are not reported in the governmental funds. | 949,004 |
|---|---------|

Liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expense when it is due. These liabilities consist of:

|                          |                 |                     |
|--------------------------|-----------------|---------------------|
| Bonds and notes payable  | \$ (27,475,091) |                     |
| Accrued interest payable | <u>(69,052)</u> | <u>(27,544,143)</u> |

|                                     |                            |
|-------------------------------------|----------------------------|
| <b>TOTAL NET POSITION (DEFICIT)</b> | <b><u>\$ (772,315)</u></b> |
|-------------------------------------|----------------------------|

See notes to basic financial statements

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**  
(A Component Unit of the City of Sherwood, Oregon)

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2022**

|  | <u>General Fund</u>      | <u>Capital Projects<br/>Fund</u> | <u>Totals</u>               |
|--|--------------------------|----------------------------------|-----------------------------|
| <b>REVENUES:</b>   |                          |                                  |                             |
| Interest on investments                                      | \$ 2,841                 | \$ 60,798                        | \$ 63,639                   |
| <b>TOTAL REVENUES</b>  | <u>2,841</u>             | <u>60,798</u>                    | <u>63,639</u>               |
| <b>EXPENDITURES:</b>   |                          |                                  |                             |
| Current:   |                          |                                  |                             |
| Urban redevelopment  | 2,986                    | 303,137                          | 306,124                     |
| Non Current:   |                          |                                  |                             |
| Capital outlay   | -                        | 790,010                          | 790,010                     |
| Debt service   | <u>752,869</u>           | <u>-</u>                         | <u>752,869</u>              |
| <b>TOTAL EXPENDITURES</b>                                    | <u>755,855</u>           | <u>1,093,147</u>                 | <u>1,849,002</u>            |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>(753,014)</u>         | <u>(1,032,349)</u>               | <u>(1,785,363)</u>          |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                          |                                  |                             |
| Issuance of debt   | 1,613,031                | 22,002,269                       | 23,615,300                  |
| Debt premium   | <u>-</u>                 | <u>3,992,887</u>                 | <u>3,992,887</u>            |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                  | <u>1,613,031</u>         | <u>25,995,156</u>                | <u>27,608,187</u>           |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <u>860,017</u>           | <u>24,962,807</u>                | <u>25,822,824</u>           |
| <b>FUND BALANCE, beginning of year</b>                       | <u>-</u>                 | <u>-</u>                         | <u>-</u>                    |
| <b>FUND BALANCE, end of year</b>                             | <u><u>\$ 860,017</u></u> | <u><u>\$ 24,962,807</u></u>      | <u><u>\$ 25,822,824</u></u> |

See notes to basic financial statements



**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**  
(A Component Unit of the City of Sherwood, Oregon)

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

|   |                      |
|---|----------------------|
| <b>NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND</b> | <b>\$ 25,822,824</b> |
|---|----------------------|

Amounts reported for governmental activities in the  
Statement of Activities are different because of the following:

Governmental funds report capital assets additions as expenditures while  
governmental activities report depreciation expense to allocate those expenditures  
over the life of the assets.

|                                |               |         |
|--------------------------------|---------------|---------|
| Expenditures capitalized       | \$ 879,031    |         |
| Contribution of capital assets | <u>69,973</u> | 949,004 |

Repayment of bond principal is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the Statement of Net Position.

|                  |  |         |
|------------------|--|---------|
| Premium on bonds |  | 133,096 |
|------------------|--|---------|

|  |  |              |
|--|--|--------------|
| Proceeds from borrowing is recorded in the governmental funds, but the<br>issuance increases long-term liabilities in the Statement of Net Assets. |  | (27,608,187) |
|--|--|--------------|

Some expenses reported in the Statement of Activities do not require the  
use of current financial resources and therefore are not reported as  
expenditures in governmental funds.

|                  |  |                 |
|------------------|--|-----------------|
| Accrued interest |  | <u>(69,052)</u> |
|------------------|--|-----------------|

|  |                            |
|--|----------------------------|
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b> | <b><u>\$ (772,315)</u></b> |
|--|----------------------------|

See notes to basic financial statements

## **2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**

(A Component Unit of the City of Sherwood, Oregon)

### **NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2022**

#### ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The financial statements of the 2021 Urban Renewal Agency of the City of Sherwood, Oregon (the Agency), a component unit of the City of Sherwood, Oregon, (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of the Agency's accounting policies are described below.

##### *Reporting Entity*

The Agency was created on May 18, 2021 to promote the economic welfare and prosperity of the City's inhabitants. The Agency is governed by a seven-member board of directors that include the City's mayor and council members and is reported as a blended component unit in the City's financial statements as a special revenue fund and capital projects fund.

##### *Government-wide and Fund Financial Statements*

*Government-wide financial statements* display information about the Agency as a whole. These statements focus on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

*Fund financial statements* display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary or fiduciary. Currently, the Agency has two governmental funds; the General Fund and the Capital Fund. Each fund is reported as major, and is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues and expenditure.

##### *Measurement Focus and Basis of Accounting*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is used by governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Agency considers amounts collected within 60 days of year end to be available, and susceptible to accrual. Property tax revenues are susceptible to accrual using the 60 day window.

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**

(A Component Unit of the City of Sherwood, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

*Use of Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and disclosures of contingent assets, liabilities and deferred inflows at the date of the financial statements and reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

*Cash and Investments*

The Agency reports cash and investments at fair value in a common pool. Interest earned on the pooled cash and investments is allocated monthly based on each fund's average cash balance as a proportion of the Agency's total pooled cash and investments.

*Receivables*

Property tax receivables for the governmental fund types, which have been collected within sixty days subsequent to year end, are considered measurable and available and are recognized as revenues. All other property taxes receivable are offset by unavailable revenues and, accordingly, have not been recorded as revenue. Real and personal property taxes are levied upon all taxable property within the Agency and become liens against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable by the Agency represent the Agency's allocated share of delinquent property taxes and other amounts to be collected from property owners. Property tax collections will begin next fiscal year.

*Capital Assets*

Capital assets (items lasting more than one year and costing in excess of \$5,000) are stated at historical cost. Capital assets are charged to expenditures in the governmental fund types as purchased.

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**

(A Component Unit of the City of Sherwood, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

*Capital Assets (continued)*

Capital assets are depreciated in the government-wide statements using the straight-line method over the following estimated useful lives:

| <u>Assets</u>           | <u>Years</u> |
|-------------------------|--------------|
| Infrastructure          | 20 to 100    |
| Buildings               | 50 to 60     |
| Land improvements       | 12 to 20     |
| Machinery and equipment | 7 to 20      |
| Licensed vehicles       | 5 to 10      |

Normal maintenance and repairs are charged to operations as incurred. Major additions, improvements and replacements are capitalized. Gains or losses from sales or retirements of capital assets are included in operations.

*Long-term Obligations*

In the government-wide financial statements, long-term obligations are reported as liabilities. Bond premiums, discounts and deferred charges are amortized over the life of the bonds on the straight line method. Bonds payable are reported net of the applicable premium or discount. Deferred charges are reported separately and amortized over the term of the related debt.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

*Pension Plans and OPEB*

The Agency contracts personal services from the City of Sherwood; therefore no pension or other post employment benefit (OPEB) costs or related liabilities are attributable to the Agency.

*Budget and Budgetary Accounting*

A budget is prepared for the funds in accordance with the modified accrual basis of accounting. Appropriations are made at the category level. Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each fiscal year. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the governing board. After budget approval, the governing board may approve supplemental appropriations if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. Management may not amend the budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the governing board if it exceeds 10% of a fund's expenditures. A budget is not required the first year of operations.

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**

(A Component Unit of the City of Sherwood, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

*Fund Balance*

Governmental Accounting Standards Board (GASB) Statement No. 54 requires analysis and presentation of fund balance within the governmental funds in five categories. The fund balance categories are:

- Non-spendable – Includes items not in spendable form such as prepaid items and inventories.
- Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by constitutional provisions or enabling legislation.
- Committed – Includes items committed by the Board in formal action by resolution.
- Assigned – Includes items designated for specific use as authorized by the Agency, under authority granted by the Agency Board.
- Unassigned – This is the residual classification used in the General Fund for those balances not assigned to another category, and for any deficits reported in other governmental funds.

The Agency has adopted the following order of spending regarding fund balance categories within the governmental funds. Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available; the order of spending for remaining unrestricted resources is committed (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

***DETAILED NOTES ON ALL ACCOUNTS***

**Cash and Investments**

*Pooled Deposits and Investments*

The Agency maintains a cash and investment pool that is available for use by all funds. Governmental activities of this pool are displayed on the government-wide Statement of Net Position as "Cash and Investments". Oregon Revised Statutes (ORS) authorize the Agency to invest in obligations of the U.S. Treasury, U.S. government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, repurchase agreements, State of Oregon Treasury Local Government Investment Pool, various interest bearing bonds of Oregon municipalities, certificates of deposit, and certain commercial paper among others. In addition, the Agency's investments are governed by a written investment policy, which is approved by the Oregon Short-Term Fund Board and adopted by the City Council. The policy specifies the Agency's investment objectives, required diversification, certain limitations, security safekeeping, and reporting requirements.

|                            |                      |
|----------------------------|----------------------|
| Investments                | <u>\$ 24,375,416</u> |
| Total cash and investments | <u>\$ 24,375,416</u> |

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**

(A Component Unit of the City of Sherwood, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS****JUNE 30, 2022*****DETAILED NOTES ON ALL ACCOUNTS (Continued)*****Cash and Investments (Continued)***Pooled Deposits and Investments (Continued)*

The Agency participates in an external investment pool (State of Oregon Treasury Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the ORS and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establishes diversification percentages and specifies the types and maturities of investments. That portion of the external investment pool which belongs to local government participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report. A copy of the State's Annual Comprehensive Financial Report may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840. The Agency's investment in the LGIP is stated at cost, which approximates fair value.

*Interest Rate Risk*

To manage exposure to fair-value losses from increases in interest rates, the Agency's policy is to set guidelines for portfolio maturities. The greater of three months operating expenditures or at least 25% of the Agency's investment portfolio must mature within 90 days. Up to 35% of the portfolio may mature in under 1 year and the remainder may mature over one year but should be invested to coincide closely with the expected use of the funds. No investments may mature in over five years.

The Agency's fair value of investments as of June 30, 2022 are summarized below:

| Investment  | Fair Value           | Less than<br>3 Months | 4-12 Months         | Greater than<br>12 Months |
|---|----------------------|-----------------------|---------------------|---------------------------|
| US Treasury N/B                                     | \$ 13,777,820        | \$ -                  | \$ 8,888,265        | \$ 4,889,555              |
| State of Oregon Local Government<br>Investment Pool | 10,597,596           | 10,597,596            | -                   | -                         |
| Total Investments                                   | <u>\$ 24,375,416</u> | <u>\$ 10,597,596</u>  | <u>\$ 8,888,265</u> | <u>\$ 4,889,555</u>       |

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**

(A Component Unit of the City of Sherwood, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

***DETAILED NOTES ON ALL ACCOUNTS (Continued)***

**Cash and Investments (Continued)**

*Credit Risk*

The Agency's investment policy limits the type of investments to no more than 10% in corporate bonds, and municipal obligations, 15% in corporate commercial paper, 25% in corporate bonds, and 50% in bank time deposits/savings accounts, and certificates of deposit. There are no portfolio limits to United States treasury obligations, and United States government agency securities. As of June 30, 2022, the Oregon Short-Term Fund (LGIP) is limited to \$52,713,000 per Oregon Revised Statute 294.810.

The minimum allowable credit rating criteria the Agency's investment policy authorizes for issuers of commercial paper is limited to those rated A1/P1 or better by Standard & Poor's (S&P) and Moody's Investors Service. Corporate indebtedness must have a minimum long term debt rating of AA- by S&P or a Aa3 rating by Moody's Investors Service. Municipal obligations must have a minimum long-term rating of AA by S&P or Aa3 by Moody's. The Oregon Short-Term Fund is not rated. As of June 30, 2022, the Agency's investments in United States, government agency securities were rated AA+ by S&P or not eligible for rating. All investments are in compliance with the Agency's investment policy.

*Concentration of Credit Risk*

| Issuer                        | Fair Value           | Percent of Holdings | Maximum Allowable % Holdings |
|-------------------------------|----------------------|---------------------|------------------------------|
| US Treasury N/B               | \$ 13,777,820        | 56.52%              | 100%                         |
| Oregon Short-Term Fund (LGIP) | 10,597,596           | 43.48%              | *                            |
| Total of Investments          | <u>\$ 24,375,416</u> | <u>100.00%</u>      |                              |

\* Maximum allowed per ORS 294.810

*Fair Value Measurement*

The Agency categorizes its investments in the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect observable inputs including, but not limited to, quoted prices for similar assets in markets that are active, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the assets (such as exchange rates, financing terms, interest rates, yield curves, volatilities, loss severities, credit risk and default rates) or other market-corroborated inputs; and,
- Level 3: Investments reflect prices based upon unobservable sources.

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**  
(A Component Unit of the City of Sherwood, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**DETAILED NOTES ON ALL ACCOUNTS (Continued)**

**Cash and Investments (Continued)**

*Fair Value Measurement (Continued)*

The Agency reports investments at fair market value. U.S. agency obligations are Level 1 investments. Investments in LGIP are not subject to level designation.

**Capital Assets**

Capital assets activity for the year ended June 30, 2022 was as follows:

|                         | Balances<br>June 30,<br>2021 | Additions         | Balances<br>June 30,<br>2022 |
|-------------------------|------------------------------|-------------------|------------------------------|
| Construction in process | <u>\$ -</u>                  | <u>\$ 949,004</u> | <u>\$ 949,004</u>            |

**Long-Term Obligations**

Other Debt

Series A (Federally Taxable): In fiscal year 2021-2022, the City issued \$18,930,000 of Full Faith and Credit Obligations. Of this amount, \$3,975,300 has been allocated to the Agency. The loan is for urban renewal projects within the City Urban Renewal Agency (URA) boundaries which the Agency pledges the tax increment revenues to pay the financing payments or debt service. The outstanding loan carries an Event of Default clause which allows the lender to exercise any remedy available at law or in equity with the exception of acceleration. Interest rates on the bonds are 2.716%. As of June 30, 2022 the balance outstanding on the bonds were \$3,975,300. Future principal and interest payments on the bond are as follows:

| Year Ending<br>June 30, | Principal           | Interest            | Total               |
|-------------------------|---------------------|---------------------|---------------------|
| 2023                    | \$ -                | \$ 85,888           | \$ 85,888           |
| 2024                    | -                   | 85,888              | 85,888              |
| 2025                    | -                   | 85,888              | 85,888              |
| 2026                    | -                   | 85,888              | 85,888              |
| 2027                    | 240,450             | 85,888              | 326,338             |
| 2028-2032               | 1,256,850           | 374,470             | 1,631,320           |
| 2033-2037               | 1,382,850           | 249,451             | 1,632,301           |
| 2038-2041               | 1,095,150           | 69,727              | 1,164,877           |
|                         | <u>\$ 3,975,300</u> | <u>\$ 1,123,088</u> | <u>\$ 5,098,388</u> |



**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**

(A Component Unit of the City of Sherwood, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022****DETAILED NOTES ON ALL ACCOUNTS (Continued)****Long-Term Obligations (Continued)**

## Other Debt (Continued)

Series B (Tax Exempt): In fiscal year 2021-2022, the City issued \$19,640,000 of Full Faith and Credit Obligations. The loan is for urban renewal projects within the URA which the Agency pledges the tax increment revenues to pay the financing payments or debt service. The outstanding loan carries an Event of Default clause which allows the lender to exercise any remedy available at law or in equity with the exception of acceleration. Interest rates on the bonds are 4.0 percent. At June 30, 2022, the outstanding balance on the bonds were \$19,640,000 and the balance of the unamortized premium was \$3,859,791. Future principal and interest payments on the bonds are as follows:

| Year Ending<br>June 30, | Principal            | Interest             | Total                |
|-------------------------|----------------------|----------------------|----------------------|
| 2023                    | \$ -                 | \$ 785,600           | \$ 785,600           |
| 2024                    | -                    | 785,600              | 785,600              |
| 2025                    | -                    | 785,600              | 785,600              |
| 2026                    | -                    | 785,600              | 785,600              |
| 2027                    | -                    | 785,600              | 785,600              |
| 2028-2032               | -                    | 3,928,000            | 3,928,000            |
| 2033-2037               | -                    | 3,928,000            | 3,928,000            |
| 2038-2042               | 2,250,000            | 3,901,200            | 6,151,200            |
| 2043-2047               | 8,900,000            | 2,793,600            | 11,693,600           |
| 2048-2051               | 8,490,000            | 865,600              | 9,355,600            |
|                         | <u>19,640,000</u>    | <u>\$ 19,344,400</u> | <u>\$ 38,984,400</u> |
| Premium                 | <u>3,859,791</u>     |                      |                      |
|                         | <u>\$ 23,499,791</u> |                      |                      |

Long-term debt activity for the year ended June 30, 2022 was as follows:

|                             | Balance<br>6/30/2021 | Additions            | Retirements       | Balances<br>6/30/2022 | Due within<br>one year |
|-----------------------------|----------------------|----------------------|-------------------|-----------------------|------------------------|
| Governmental activities     |                      |                      |                   |                       |                        |
| Long-term obligations       |                      |                      |                   |                       |                        |
| FFC Series A 2021           | \$ -                 | \$ 3,975,300         | \$ -              | \$ 3,975,300          | \$ -                   |
| FFC Series B 2021           | -                    | 19,640,000           | -                 | 19,640,000            | -                      |
| Total long-term obligations | -                    | 23,615,300           | -                 | 23,615,300            | -                      |
| Premium                     | -                    | 3,992,887            | 133,096           | 3,859,791             | 133,096                |
|                             | <u>\$ -</u>          | <u>\$ 27,608,187</u> | <u>\$ 133,096</u> | <u>\$ 27,475,091</u>  | <u>\$ 133,096</u>      |

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**

(A Component Unit of the City of Sherwood, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2022**

***DETAILED NOTES ON ALL ACCOUNTS (Continued)***

**Commitments and Contingencies**

The Agency is involved in various claims and legal matters relating to its operations which have all been tendered to the Agency's liability insurer or are being defended by attorneys. The Agency does not believe that any of these matters will have a material impact on its June 30, 2022 financial statements. The Agency has no significant outstanding commitments at June 30, 2022 related to construction contracts.

**Subsequent Events**

On September 26, 2022, the Agency purchased a piece of land for \$1,125,000 which will be used to assist in building Ice Age Drive in the Tonquin Employment Area (TEA).

On February 2, 2023, the Agency purchased a piece of land for \$1,515,000 which will be used to assist in building Ice Age Drive in the (TEA).

## **REQUIRED SUPPLEMENTARY INFORMATION**

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**  
(A Component Unit of the City of Sherwood, Oregon)

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

|  | Budget * |       | Actual     | Variance    |
|--|----------|-------|------------|-------------|
|  | Original | Final |            |             |
| <b>REVENUES:</b>   |          |       |            |             |
| Interest on investments                                      | \$ -     | \$ -  | \$ 5,467   | \$ 5,467    |
| <b>TOTAL REVENUES</b>  | -        | -     | 5,467      | 5,467       |
| <b>EXPENDITURES:</b>   |          |       |            |             |
| Contractually paid personnel services                        | -        | -     | 750        | (750)       |
| Materials and services                                       | -        | -     | 2,236      | (2,236)     |
| Debt service   | -        | -     | 752,869    | (752,869)   |
| <b>TOTAL EXPENDITURES</b>                                    | -        | -     | 755,855    | (755,855)   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | -        | -     | (750,388)  | (750,388)   |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |          |       |            |             |
| Issuance of debt   | -        | -     | 1,613,031  | (1,613,031) |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                  | -        | -     | 1,613,031  | 1,613,031   |
| <b>NET CHANGE IN FUND BALANCE</b>                            | -        | -     | 862,643    | 862,643     |
| <b>FUND BALANCE</b> , beginning of year                      | -        | -     | -          | -           |
| <b>FUND BALANCE</b> , end of year                            | \$ -     | \$ -  | \$ 862,643 | \$ 862,643  |

\* A budget is not required the first year of operations

|  |                   |
|--|-------------------|
| <b>NET CHANGE IN FUND BALANCE</b>          | \$ 862,643        |
| Unrealized gain (loss) on investments      | (2,626)           |
| <b>CHANGE IN FUND BALANCE - GAAP BASIS</b> | <u>\$ 860,017</u> |

## **OTHER SUPPLEMENTARY INFORMATION**

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**  
(A Component Unit of the City of Sherwood, Oregon)

**CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

|  | Budget *           |                    |                             |                             |
|--|--------------------|--------------------|-----------------------------|-----------------------------|
|  | Original           | Final              | Actual                      | Variance                    |
| <b>REVENUES:</b>   |                    |                    |                             |                             |
| Interest on investments                                      | \$ -               | \$ -               | \$ 132,587                  | \$ 132,587                  |
| <b>TOTAL REVENUES</b>  | <u>-</u>           | <u>-</u>           | <u>132,587</u>              | <u>132,587</u>              |
| <b>EXPENDITURES:</b>   |                    |                    |                             |                             |
| Contractually paid personnel services                        | -                  | -                  | 47,383                      | (47,383)                    |
| Materials and services                                       | -                  | -                  | 255,754                     | (255,754)                   |
| Capital outlay   | <u>-</u>           | <u>-</u>           | <u>790,009</u>              | <u>(790,009)</u>            |
| <b>TOTAL EXPENDITURES</b>                                    | <u>-</u>           | <u>-</u>           | <u>1,093,147</u>            | <u>(1,093,147)</u>          |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>-</u>           | <u>-</u>           | <u>(960,560)</u>            | <u>(960,560)</u>            |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                    |                    |                             |                             |
| Issuance of debt   | -                  | -                  | 22,002,269                  |                             |
| Debt premium   | <u>-</u>           | <u>-</u>           | <u>3,992,887</u>            | <u>3,992,887</u>            |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                  | <u>-</u>           | <u>-</u>           | <u>25,995,156</u>           | <u>25,995,156</u>           |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <u>-</u>           | <u>-</u>           | <u>25,034,596</u>           | <u>25,034,596</u>           |
| <b>FUND BALANCE</b> , beginning of year                      | <u>-</u>           | <u>-</u>           | <u>-</u>                    | <u>-</u>                    |
| <b>FUND BALANCE</b> , end of year                            | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 25,034,596</u></u> | <u><u>\$ 25,034,596</u></u> |

\* A budget is not required the first year of operations

|  |                             |
|--|-----------------------------|
| <b>NET CHANGE IN FUND BALANCE</b>          | \$ 25,034,596               |
| Unrealized gain (loss) on investments      | <u>(71,789)</u>             |
| <b>CHANGE IN FUND BALANCE - GAAP BASIS</b> | <u><u>\$ 24,962,807</u></u> |

**2021 URBAN RENEWAL AGENCY of the CITY OF SHERWOOD, OREGON**  
(A Component Unit of the City of Sherwood, Oregon)

**SCHEDULE OF PROPERTY TAX TRANSACTIONS  
FOR THE YEAR ENDED JUNE 30, 2022**

| <u>Tax Year</u> | <u>Receivable<br/>June 30, 2021</u> | <u>2021-2022*<br/>Lewy</u> | <u>Interest,<br/>Discounts<br/>&amp; Adjustments</u> | <u>Collections</u> | <u>Receivable<br/>June 30, 2022</u> |
|-----------------|-------------------------------------|----------------------------|--|--------------------|-------------------------------------|
| 2021-22*        | \$ -                                | \$ -                       | \$ -   | \$ -               | \$ -                                |
| Total           | <u>\$ -</u>                         | <u>\$ -</u>                | <u>\$ -</u>  | <u>\$ -</u>        | <u>\$ -</u>                         |

\*Property tax collections will begin next fiscal year

## **COMPLIANCE SECTION**





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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH OREGON STATE REGULATIONS**

Board Members  
2021 Urban Renewal Agency of the City of Sherwood, Oregon  
(A component unit of the City of Sherwood)  
Sherwood, Oregon

We have audited the financial statements of the governmental activities and the major funds of the 2021 Urban Renewal Agency of the City of Sherwood, Oregon (the Agency), a component unit of the City of Sherwood, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 16, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**COMPLIANCE**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH OREGON STATE REGULATIONS (Continued)**

Board Members  
2021 Urban Renewal Agency of the City of Sherwood, Oregon  
(A component unit of the City of Sherwood)

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**PURPOSE OF THIS REPORT**

This report is intended solely for the information and use of the Board Members, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Talbot, Kowala & Warwick LLP*

Portland, Oregon  
March 16, 2023